



Paper No. 24

SEED INTELLECTUAL PROPERTY LAW GROUP PLLC
701 FIFTH AVE
SUITE 6300
SEATTLE, WA 98104-7092

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OFFICE OF PETITIONS

In re Patent of McGeer et al. :
Patent No. 5,776,946 :
Issue Date: July 7, 1998 :
Application No. 08/520,211 :
Filing Date: August 28, 1995 :
Attorney Docket No. 480235.001 :

Decision on Petition

This is a decision on the renewed petition under 37 CFR 1.378(b), filed August 29, 2006, to reinstate the above-identified patent.

The petition is **DENIED**. This decision may be viewed as a final agency action within the meaning of 5 U.S.C. 704 for purposes of seeking judicial review. See MPEP 1002.02. The terms of 37 CFR 1.378(e) *do not apply* to this decision.

Since this patent will not be reinstated, the Office will schedule a refund of maintenance fees and surcharges submitted by petitioner. The fee for requesting reconsideration is not refundable. Therefore the Office will schedule of refund of \$1,150.

Background

The patent issued July 7, 1998. The 3.5 year maintenance fee was due from July 7, 2001, through January 7, 2002, or with a surcharge during the period from January 8, 2002, to July 7, 2002. The fee was not timely paid. Accordingly, the patent expired as of midnight on July 7, 2002.

A petition under 35 U.S.C. 41(c)(1) and 37 CFR 1.378(b) was filed March 13, 2006, and was dismissed in the decision of April 11, 2006. A renewed petition was filed June 9, 2006. The Office mailed a Request for Information on June 27, 2006.

Applicable Statutes and Regulations

35 U.S.C. 41(b) states in pertinent part that, "Unless payment of the applicable maintenance fee is received . . . on or before the date the fee is due or within a grace period of six months thereafter, the patent shall expire as of the end of such grace period."

35 U.S.C. 41(c)(1) states that, "The Commissioner may accept the payment of any maintenance fee . . . after the six month grace period **if the delay is shown to the satisfaction of the Commissioner to have been unavoidable.**" (emphasis added)

37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

A showing that . . . reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee . . . became aware of . . . the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date, and the manner in which patentee became aware of the expiration of the patent.

Facts

The University of British Columbia ("UBC") Board of Governors creates various policies for the UBC. The policies can be located in a document titled, "UBC Policy and Procedure Handbook" (hereafter "Handbook"). All policies are not mandatory in so far as exceptions can be made. Policy #1 Section 1.3 states, "Authority to approve individual requests for exceptions rests with the Vice President responsible for the policy."

The Board of Governors can amend the policies. For example, policy no. 80 was first approved during July of 1977. The most recent revision of the policy occurred during June of 2005.

Policy no. 88 concerns patents and licensing. Policy no. 88 was last revised during March of 1993. Section 3 in the "Procedures" section discusses the assignment of inventions. Section 3.1 states in part, "Any person associated with the University who has an invention capable of being patented or licensed must complete a disclosure form." Section 3.2 states,

The [Director] normally decides within three months [of the submission of the disclosure form] whether or not the invention is accepted by the University, and if so, whether it is to be retained by the University for patenting and/or licensing, or submitted to a patenting corporation.... If the invention does not appear to be viable to the [Director], the rights to the invention will be returned to the inventor on a timely basis.

Application no. 08/520,211 was filed August 28, 1995.

The inventors executed an assignment on October 9, 1998. The assignment states the inventors "hereby sell, assign, transfer and set over to the [UBC] the entire world-wide right, title, and interest in and to the said inventions or improvements and said Letters Patent."

The patent issued July 7, 1998.

On July 13, 2001, UBC's law firm notified UBC of the need to pay the 3.5 year maintenance fee to prevent the expiration of the patent.

UBC chose not to maintain the patent and to allow the patent to expire. UBC sent instructions not to pay the fee to the law firm on October 1, 2001.

UBC did not notify the inventors of UBC's intent not to pay the maintenance fee.

The 3.5 year maintenance fee was due from July 7, 2001, through January 7, 2002, or with a surcharge during the period from January 8, 2002, to July 7, 2002. The fee was not timely paid. Accordingly, the patent expired as of midnight on July 7, 2002.

The inventors state they would have paid the maintenance fee if they had been aware UBC planned on allowing the patent to expire.

Shortly after November 14, 2005, the inventors learned of the patent's expiration.

A petition was filed March 13, 2006.

The petition included a "Statement Under 37 CFR 3.73(b)" stating, "The University of British ... states that it [is] the assignee of the entire right, title, and interest ... patent application/patent identified above." The petition included a revocation and power of attorney stating UBC is the ""Assignee of record of the entire interest." The revocation and power of attorney also stated, "As assignee of record of the entire interest [UBC] elect[s], under 37 CFR 3.71, to prosecute the application to the exclusion of the inventor(s)."

On June 9, 2006, UBC assigned its rights in the patent to the inventors.

Discussion

The general unavoidable standard applied by the Office requires petitioner to establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business. However, the question of whether [delay] was unavoidable [will] be decided on a case-by-case basis, taking all of the facts and circumstances into account."¹

35 U.S.C. 41(c)(1) states that, "The Commissioner may accept the payment of any maintenance fee . . . after the six month grace period if the delay is shown to the satisfaction of the Commissioner to have been unavoidable." Since the statute requires a "showing" by petitioner, petitioner has the burden of proof. The decision will be based solely on the written, administrative record in existence.

35 U.S.C. 261 states, subject to the other provisions of title 35 of the U.S.C., patents shall have the attributes of personal property. The statute allows rights in an application for patent, patent, or any interest therein, to be assigned to another party. In other words, one may sign a contract to assign one's rights in an invention to a third party.

¹ Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (1982).

The inventors signed a contract conveying "the entire world-wide right, title, and interest" in the invention to UBC. An assignment of the entire right, title, and interest to an invention results in the assignee having both legal and equitable title to the invention.²

The fact an assignment passes title to an invention is the reason the PTO has historically allowed an assignee of record to prosecute an application to the exclusion of the inventors.³ Once the entire title passes to an assignee, an assignor cannot insist the assignee prosecute the application or maintain a patent. The assignee is free to deal with the invention as it will.⁴

It is possible for the legal and equitable title to an invention to be separated if an assignor assigns less than his or her entire interest. However, the language of the assignment to UBC transferred both legal and equitable title in the patent. A complete review of the assignment fails to indicate petitioner retained any reversionary interest in the patent. For example, the assignment did not provide that if X happened, title to the invention would revert to the inventors. The assignment states the inventors "hereby sell, assign, transfer and set over to the [UBC] the entire world-wide right, title, and interest in and to the said inventions or improvements and said Letters Patent." As parties to the October 9, 1998 assignment, the inventors could have sought to have the assignment explicitly state title would revert to the inventors upon certain conditions being met. However, the inventors failed to include such a provision in the assignment.

The terms of a contract should not be changed when they are clearly stated in a contract.⁵ When interpreting a contract, one need not consider parol evidence when the contract is clear on its face.⁶ The provisions of the October 9, 1998 assignment are clear. Therefore, the Office need not consider the provisions of the "UBC Policy and Procedure Handbook" when interpreting the contract's provisions.

Even if the provisions of the handbook are considered, the Office is unable to conclude petitioners retained equitable title to the invention. Petitioners have failed to prove they retained any reversionary interest in the patent. In certain circumstances, an agreement to assign an invention can transfer equitable title.⁷ However, petitioners have failed to establish a *legally binding* agreement existed requiring UBC to assign the patent to the inventors. Petitioners have failed to prove a court of law would have *required* UBC to assign its rights in the patent to the

² Kim v. Quigg, 718 F.Supp. 1280, 1284, 12 U.SP.Q.2d (BNA) 1604, 1607 (E.D. Va. 1989) (citing Wende v. Horine, 191 F. 620 (C.C.N.D. Ill. 1911)).

³ In re Adams, 1907 Dec. Comm'r Pat. 434 (Sec. Interior 1907).

⁴ Kim v. Quigg, 718 F.Supp. 1280, 1284, 12 U.SP.Q.2d (BNA) 1604, 1607 (E.D. Va. 1989) (citing Garfield v. Western Electric Co., 298 F. 659 (S.D.N.Y. 1924)).

⁵ Newcom Holdings Pty. Ltd. v. Imbros Corp., 369 F. Supp. 2d 700, 711 (E.D. Va. 2005) ("A court should not disrupt agreements whose terms are clearly and explicitly presented in a contract.") (citing Amos v. Coffey, 228 Va. 88, 320 S.E.2d 335, 337 (Va. 1984)).

⁶ Id. at 711 ("When the language of a written instrument like an assignment is clear on its face, parol evidence is not considered, and the document is read within its four corners.") (citations omitted).

⁷ See Deller, Walker on Patents § 354 (1937); 2 Robinson, Treatise on the Law of Patents §786 (1890).

inventors. In other words, petitioners have not shown a court would have required specific performance of any "obligation" in the Handbook to reassign the patent. "According to well settled principles, the contract, sought to be specifically executed, must be established by competent proofs *to be clear, definite and unequivocal in all its terms*. If the terms are uncertain, ambiguous or not made out by satisfactory proofs, a specific performance will not (as, indeed upon principle, it should not) be decreed."⁸ Any legal obligation for UBC to reassign the patent is far from certain and unambiguous.

The Handbook fails to indicate UBC intends, or has intended, for the Handbook to be legally binding on the University. The Handbook demonstrates UBC has the power to make exceptions to the policies. For example, Policy #1 Section 1.3 states, "Authority to approve individual requests for exceptions rests with the Vice President responsible for the policy." The Handbook's provisions can be amended at any time by the Board of Governors. For example, the Board of Governors, at any time after the assignment was signed, could have changed the provisions of the Handbook discussing notification of inventors in certain circumstances.

Even if the provisions of the Handbook were legally binding, petitioners have failed to prove UBC was required to assign the patent back to the inventors. Policy no. 88 concerns patents and Section 3 in the "Procedures" section discusses the assignment of inventions. Section 3.1 states in part, "Any person associated with the University who has an invention capable of being patented or licensed must complete a disclosure form." Section 3.2 states,

The [Director] normally decides within three months [of the submission of the disclosure] whether or not the invention is accepted by the University, and if so, whether it is to be retained by the University for patenting and/or licensing, or submitted to a patenting corporation.... If the invention does not appear to be viable to the [Director], the rights to the invention will be returned to the inventor on a timely basis.

UBC has complied with the "requirements" of Section 3.2. The section discusses the action to be taken if the Director decides not to pursue the invention *after receiving a disclosure form*. The Director did not review one or more disclosure forms and, within three months, determine the invention was not viable. Instead, the Director chose to pursue the invention. UBC filed an application on August 28, 1995, prosecuted the application to allowance, and paid the issue fee. Section 3.2 is inapplicable to the current situation when UBC chose not to pay a maintenance fee on a date approximately six years after an application was filed.

The inventors have not shown that, if the Handbook was binding and the provisions of Section 3.2 are applicable, the inventors hold equitable title. The assignment signed October 9, 1998, appears to supercede any obligations listed in the Handbook. The assignment transferred *all* of the inventors' rights to UBC and the assignment was created *after* the provisions of the Handbook at issue. As stated before, the inventors retained no reversionary interest when they signed the assignment.

⁸ Pierce's Heirs v. Catron's Heirs, 64 VA. 588 (Va. 1873).

UBC was the full owner of the patent at the time the patent expired. Relief is only proper if UBC's failure to timely pay the maintenance fee was unavoidable. UBC was able to pay the fee but intentionally chose not to pay the fee. Therefore, UBC's failure to pay the fee was not unavoidable.

Whether or not the inventors acted reasonably and prudently in ensuring the maintenance fee would be timely paid is irrelevant since the inventors were not equitable owners of the patent.⁹

The fact UBC voluntarily reassigned the patent back to the inventors does not render UBC's prior conduct meaningless. Petitioners, as the successor in title to UBC's interest, are bound by any actions or inactions by UBC resulting in the lack of timely payment of the maintenance fee.¹⁰

The facts presented by petitioner are similar to the facts in Kim v. Quigg.¹¹ In the case of Kim v. Quigg, the two inventors had assigned their rights in an invention to the University of Washington ("University"). The University used a nonprofit organization called Washington Research Foundation ("WRF") to assist in patenting and licensing technology.

A Technology Administration Agreement existed between the University and WRF. In part, the Agreement stated WRF may notify the University of any intent to allow the application to become abandoned. The University's policy was to waive its rights and allow an inventor to pursue an application if the University decided it no longer had an interest in the invention. WRF intentionally allowed the application to become abandoned without notifying the University or the inventors.

The court in Kim v. Quigg reviewed the Technology Administration Agreement and determined the use of the word "may" in the Agreement resulted in the inventors lacking equitable title in the invention. The court stated,

Plaintiffs and the University gave up all legal rights to the patent when the invention was assigned. They cannot insist that the application be prosecuted; the assignee is free to do as it pleases with the invention. Garfield v. Western Electric Co., 298 F. 659 (S.D.N.Y. 1924)... Since plaintiffs have failed to demonstrate that they are equitable owners of patent application '002, whether they acted as reasonably prudent persons is irrelevant

As stated previously in this decision, petitioners bear the burden of proof. Petitioners have not shown petitioners had a legally enforceable equitable interest in the patent at the time the patent expired. Petitioners have not shown UBC's failure to timely pay the maintenance fee was unavoidable. Petitioners have not shown the patent should be reinstated.

⁹ Kim v. Quigg, 12 U.S.P.Q.2d at 1606 ("Since plaintiffs have failed to demonstrate that they are equitable owners of patent application '002, whether they acted as reasonably prudent persons is irrelevant")

¹⁰ See Winkler v. Ladd, 221 F.Supp 550, 552, 138 USPQ 666, 667 (D.D.C. 1963); See also Ex Parte Stumpf, 16 Gour. 88:19 (Comm'r Pat. Nov. 12, 1904).

¹¹ 718 F.Supp. 1280, 1284, 12 U.S.P.Q.2d (BNA) 1604, 1607 (E.D. Va. 1989).

Decision

The prior decision which refused to accept under 37 CFR 1.378(b) the delayed payment of a maintenance fee for the above-identified patent has been reconsidered. For the reasons herein and stated in the previous decision, the entire delay in this case cannot be regarded as unavoidable within the meaning of 35 USC 41(c)(1) and 37 CFR 1.378(b). Therefore, the petition is **denied**.

As stated in 37 CFR 1.378(e), the Office will not further consider or review the matter of the reinstatement of the patent.

The patent file is being forwarded to Files Repository.

Telephone inquiries may be directed to Petitions Attorney Steven Brantley at (571) 272-3203.



Charles Pearson
Director
Office of Petitions